Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada



Agriculture and Agri-Food Canada

2012-13
Report on Plans and Priorities

Canada

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Minister's Message



The Honourable Gerry Ritz, P.C., M.P.

The future is bright for Canada's innovative farmers and food processors. Our rich resource base and skilled, hardworking, entrepreneurial producers position Canada to take a lead in delivering world-class food to a global marketplace that is ripe with opportunity.

The image some have of agriculture as a traditional sector rooted in the past, reliant on historical production processes, couldn't be further from the truth. In reality, the Canadian agriculture and agri-food sector today is a strong contributor to the Canadian economy, employing over 2.1 million Canadians, contributing more than $100.3 billion to our Gross Domestic Product and generating more than $35 billion in exports.

While increasing global food demand and rising incomes are good news for our farmers, our competitors, especially those in emerging markets, are not standing still. Our Government will continue to work with the provinces, territories and industry to help the Canadian agriculture sector thrive in this competitive environment.

On the international front, we will build on our past achievements, opening new markets, forging free trade agreements and ensuring our pathways to trade are built on fair rules and sound science.

The Canadian agricultural sector's culture of innovation, and our science-based regulatory framework, will help our farmers capture domestic and global markets and meet increasing and evolving consumer product demand. Canadian farmers have always been great innovators, and our Government will continue to support them in this regard. For example, we recently launched the $50-million Agricultural Innovation Program to improve the productivity and competitiveness of the Canadian agricultural sector. We are also opening up new opportunities for Western Canadian grain farmers through the *Marketing Freedom for Grain Farmers Act*.

Challenges will always remain in agriculture. To turn them into opportunities and help the industry succeed in new and emerging markets, Canada's agriculture industry needs to anticipate change and not only react to it.

Over the coming year I will be working hard with industry, and my provincial and territorial colleagues on a new framework for agriculture to give the industry the tools it needs to stay ahead of the curve and compete and prosper in the global marketplace.

I'm excited about the prospects that lie ahead. With strong collaboration between government, industry and farmers, and the scientific community we can position the sector for strong growth into the future. Working with the entire portfolio, and supported by science, business skills and strategic investments, we have a tremendous opportunity to rethink and reshape Canadian agriculture. I can't imagine a more rewarding challenge.

Honourable Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food and
Minister of the Canadian Wheat Board

Section I

Organizational Overview

Raison d'être

The Department of Agriculture and Agri-Food Canada (AAFC) was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the Department helps ensure the agriculture, agri-food and agri-based products industries can compete in domestic and international markets, deriving economic returns to the sector and the Canadian economy as a whole. Through its work, the Department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment and the safety and security of Canada's food supply.

Our Vision

Driving innovation and ingenuity to build a world leading agricultural and food economy for the benefit of all Canadians.

Our Mission

AAFC provides leadership in the growth and development of a competitive, innovative and sustainable Canadian agriculture and agri-food sector.

Responsibilities

AAFC provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector increase its environmental sustainability, compete in markets at home and abroad, manage risk, and embrace innovation. The activities of the Department extend from the farmer to the consumer, from the farm to global markets, through all phases of producing, processing and marketing of agriculture and agri-food products. In this regard, and in recognition that agriculture is a shared jurisdiction, AAFC works closely with provincial and territorial governments.

The Department is responsible for ensuring collaboration among the organizations within the Agriculture and Agri-Food Portfolio; this means coherent policy and program development and effective cooperation in meeting challenges on cross-portfolio issues. The portfolio organizations consist of: the Canadian Food Inspection Agency; Farm Credit Canada; the Canadian Grain Commission; the Canadian Dairy Commission; the Farm Products Council of Canada; and the Canada Agricultural Review Tribunal. For more information on these portfolio organizations, visit www.agr.gc.ca/portfolio. The Department also supports the Minister in his role as Minister for the Canadian Wheat Board.

AAFC's mandate is based upon the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts, such as the *Canadian Agricultural Loans Act*. A list of these Acts is available at: www.agr.gc.ca/acts.

Strategic Outcomes (SO) and Program Activity Architecture (PAA)

SO 1 An environmentally sustainable agriculture, agri-food and agri-based products sector

AAFC supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

SO 2 A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

SO 3 An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

The graphic below displays AAFC's Program Activities and Program Sub-Activities that comprise its PAA. It reflects how the Department allocates and manages its resources and makes progress toward its Strategic Outcomes.

AAFC's 2012-13 Program Activity Architecture

1. An environmentally sustainable agriculture, agri-food and agri-based products sector

1.1 Environmental Knowledge, Technology, Information and Measurement

- 1.1.1 Agri-Environmental Science
- 1.1.2 Agri-Environmental Applications
- 1.1.3 Agri-Environmental Sustainability Assessment

1.2 On-Farm Action

- 1.2.1 Technical Information Transfer
- 1.2.2 Agri-Environmental Risk Assessment
- 1.2.3 Agri-Environmental Risk Assessment Implementation
- 1.2.4 AgriFlexibility – Environmental Action

2. A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

2.1 Business Risk Management

- 2.1.1 AgriStability
- 2.1.2 AgriInvest
- 2.1.3 AgriRecovery
- 2.1.4 AgriInsurance
- 2.1.5 *Canadian Agricultural Loans Act*
- 2.1.6 *Agriculture Marketing Programs Act*
- 2.1.7 Hog Industry Loan Loss Reserve
- 2.1.8 Hog Farm Transition

2.2 Food Safety and Biosecurity Risk Management Systems

- 2.2.1 Biosecurity
- 2.2.2 Food Safety and Biosecurity Science
- 2.2.3 Food Safety Systems
- 2.2.4 Traceability
- 2.2.5 AgriFlexibility – Protection of the Food Supply
- 2.2.6 AgriFlexibility – Livestock Auction Traceability

2.3 Trade and Market Development

- 2.3.1 Trade Negotiations and Market Access
- 2.3.2 Market Growth
- 2.3.3 Sector Competitiveness
- 2.3.4 AgriFlexibility – Increased Market Demand
- 2.3.5 AgriFlexibility – Canada Brand Advocacy

2.4 Regulatory Efficiency Facilitation

- 2.4.1 Pest Management
- 2.4.2 Health Claims, Novel Foods and Ingredients

2.5 Farm Products Council of Canada

3. An innovative agriculture, agri-food and agri-based products sector

3.1 Science, Innovation and Adoption

- 3.1.1 Science Supporting Agricultural Innovation
- 3.1.2 Canadian Agricultural Adaptation
- 3.1.3 Agri-Innovations
- 3.1.4 ecoAgriculture Biofuels Capital Initiative
- 3.1.5 AgriFlexibility – Science Addressing Market Opportunities and Challenges
- 3.1.6 AgriFlexibility – Agri-Based Processing

3.2 Agri-Business Development

- 3.2.1 Farm Debt Mediation Service
- 3.2.2 Business Development
- 3.2.3 Slaughter Improvement
- 3.2.4 AgriFlexibility – Profitability Improvement
- 3.2.5 Cattle Slaughter Industry Assistance

3.3 Rural and Co-operatives Development

- 3.3.1 Rural Development
- 3.3.2 Co-operatives Development

3.4 Canadian Pari-Mutuel Agency

Legend

- Strategic Outcome
- Program Activity
- Program Sub-Activity

4.1 Internal Services

Organizational Priorities

Today's agriculture and agri-food sector is an advanced engine of growth and strong contributor to the Canadian economy. While primary agriculture remains a significant part of Canada's agri-food system, food processing is also growing as an important segment of the sector and an important employer in most provinces. With a strong resource base in Canada, a skillful workforce and positive investment climate along with rising demand at home and abroad for Canadian products, the long-term prospects for the sector are bright.

The global trade environment, in which Canadian producers and processors operate, is complex and rapidly evolving. Going forward, competition will be fierce in both export and domestic markets. Consequently, AAFC priorities and initiatives will continue to focus on supporting competitiveness and profitability of the sector over the long term. Success for the sector will depend on understanding and adapting to the marketplace, and innovating to keep pace with competitors and better respond to market demands.

In 2008, federal, provincial and territorial governments (FPT) launched the *Growing Forward* policy framework (2008-09 to 2012-13). It built on the previous approach of a common vision for a profitable, innovative, competitive, and market-oriented agriculture sector that proactively manages risks, and contributes to society's priorities. Investments are focused in several areas including science and innovation, food safety systems, business and skills development, and risk management programming.

FPT governments are in the process of developing *Growing Forward 2*, the next FPT agricultural policy framework, to position the industry to meet the challenges in the decade ahead. Policy frameworks are the cornerstone of the FPT relationship for agriculture and agri-food and ensure that governments work collaboratively towards common goals that addresses the challenges and opportunities facing the sector. On many other priority issues, such as Business Risk Management, food safety modernization, and a national traceability system, achieving consensus with provinces and territories is also crucial. The tradition of collaboration with provincial and territorial partners in agriculture remains essential.

The *Growing Forward 2* framework and progress on other priorities in the Government's agenda will allow AAFC to continue creating the conditions and fostering the type of business environment that will allow agricultural producers and processors to compete successfully in an expanding global market place. The Government has placed a high priority on advancing the objectives and priorities of Canadian agricultural producers on the world stage. The Department is coordinating initiatives between governments and stakeholders on an ambitious trade agenda, targeting priority markets, and securing export opportunities in both emerging and established markets for Canadian agriculture and agri-food producers and processors.

Furthermore, the Department is also investing in innovation, both within the *Growing Forward* framework and federally, as well as leading and participating in applied scientific discovery, research and knowledge transfer to support the development of innovative products and processes which will improve the competitiveness and profitability of the sector. This will be further enhanced by the modernization of the federal regulatory framework on food safety, in collaboration with the Canadian Food Inspection Agency. In addition, the Government is creating new opportunities for the western grain sector by moving forward with marketing freedom for wheat and barley, improved rail freight service, and changes to the *Canada Grains Act* and the operations of the Canadian Grain Commission.

These initiatives will complement an increased focus on trade and market access and stimulate greater efficiencies in the sector, promote faster adoption of leading-edge technologies and practices, improve regulatory performance, and create a more attractive investment climate.

AAFC will continue to focus on excellence in service to Canadians by acting on opportunities to strengthen its management capacity and practices. This means embracing the transformation and renewal of departmental activities to deliver policies and programs efficiently and effectively. In doing so, the Department will engage its employees in the excellence agenda, while maintaining a positive, collaborative and inclusive work environment, to provide the support required for a world-leading agricultural economy that benefits all Canadians.

Additional information on departmental priorities is provided in the following tables.

Priority: Develop the Federal-Provincial-Territorial (FPT) policy framework agreement (*Growing Forward 2*) and bilateral agreements, and prepare for implementation of federal activities	**Type:** Previously committed to	**Strategic Outcomes and/or Program Activities** SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector

Description

Why is this a priority?

- It is crucial to put in place *Growing Forward 2*, the next FPT agricultural policy framework, to ensure program continuity and support the sector's long-term success.
- *Growing Forward 2* is key in providing policy and program coherence towards a set of common national objectives for the agricultural sector.
- *Growing Forward 2* is necessary to achieve a profitable, sustainable, competitive and innovative agriculture, agri-food and agri-products industry that is market-responsive, and that anticipates and adapts to changing circumstances and is a major contributor to the well-being of Canadians.

Plans for meeting the priority

- AAFC will continue working with PT governments to advance negotiations for a timely ratification of a new framework agreement to support a competitive and prosperous agriculture, agri-food and agri-products sector.
- As part of the development of *Growing Forward 2*, FPT governments undertook a series of engagement sessions in 2010 and 2011 with agricultural stakeholders, including industry associations and producers; processing, retail and food service industries; consumers; and experts from academia and think tanks, on the sector's long-term success, including its challenges and opportunities.
- FPT governments will continue engaging with stakeholders in 2012 on the policy initiatives and program options for *Growing Forward 2*. The 2012-13 fiscal year will see an even greater focus on development of the policy framework, in preparation for the timely transition from *Growing Forward*.

Priority: Advance trade and market interests both domestically and internationally	**Type:** Ongoing	**Strategic Outcomes and/or Program Activities** SO2 – A competitive sector that proactively manages risk Program Activity (PA) 2.3 Trade and Market Development

Description

Why is this a priority?

- Canada is one of the world's largest exporters of agriculture and agri-food products – trade is very important to the profitability of Canada's agriculture and food sector.
- Increasing the competitiveness of the sector, both internationally and domestically, results in increased exports and domestic consumption which translates into strong employment opportunities for Canadians in agriculture and food industries.

Plans for meeting the priority

- An expanded Agriculture and Food Trade Commissioner Service will continue to (1) assist Canadian companies with technical and marketing support to establish or expand markets for Canadian agri-food and seafood products and (2) engage on market access issues, manage the overall bilateral relationship on agriculture, promote Canada as a partner in economic development, and establish bilateral relationships with key government departments to facilitate resolution of trade irritants and prevent potential trade irritants from arising.
- The Market Access Secretariat, in collaboration with the Canadian Food Inspection Agency and Foreign Affairs and International Trade Canada, and in consultation with industry stakeholders, provinces and territories, continues to help resolve or advance Canadian trade issues and to open markets to Canadian commodities and products.
- AAFC's Canada Brand Strategy will continue to help Canada's food and agriculture sector compete in domestic and global markets by differentiating Canadian products from competitors using tools and promotional events to build awareness of the advantages and range of Canadian products to influence customers.
- The Value Chain Roundtables Secretariat will continue to play an important role in achieving progress on strategic objectives identified by individual sectors and for government by: developing official strategic plans; engaging appropriate industry and government partners; and identifying common cross-sector priorities for attention.
- The AgriMarketing Program continues to provide funds to national producer, processor and exporter associations, along with affiliated small- and medium-sized enterprises, for international market-development strategies. These strategies help to position the sector to better compete in existing markets, as well as identify and pursue emerging opportunities in new markets.
- The Department will lead agricultural trade negotiations at the World Trade Organization and at bilateral trade negotiations, and advance Canada's agricultural interests by working towards international rules that support the sector's competitiveness, create new export opportunities, and protect supply-managed sectors.

Priority: Support activities that advance knowledge creation and transfer, improve products, processes or practices, and increase their adoption and commercialization to add value to farms, firms or the sector	**Type:** Ongoing	**Strategic Outcomes and/or Program Activities** SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector Activities related to knowledge creation and transfer contribute to achieving AAFC's three Strategic Outcomes, whereas adoption and commercialization contributes mostly to SO3 (PA 3.1 Science, Innovation and Adoption)

Description

Why is this a priority?

- New scientific knowledge is the basis of innovation in the agriculture, agri-food and agri-based products sector and can open avenues for new production or processing opportunities, and create whole new value chains.
- Ensuring that advances in knowledge lead to improved products, processes, practices and business management solutions is equally key to an innovative sector. This leads to the long term profitability and competitiveness of Canadian agriculture, agri-food and agri-based products industries.

Plans for meeting the priority

- Interventions are needed along the innovation continuum to support a productive and competitive agriculture, agri-food and agri-based products sector. AAFC will continue to conduct research as identified in its Science and Innovation Strategy and, through collaborations and other vehicles, transfer knowledge to the entire continuum.
- Through its targeted programs, AAFC will support research activities that build science and innovation capacity within the sector to support the creation, adoption, and commercialization of new processes, products, and technologies.

Priority: Improve the sector's performance in support of Canada's environmental sustainability agenda	**Type:** Ongoing	**Strategic Outcomes and/or Program Activities** SO1 – An environmentally sustainable sector

Description

Why is this a priority?

- AAFC responds to society's demands for sustainability and contributes to the well-being of Canadians by supporting industry's efforts to adapt to multiple stresses and changes posed by key agri-environmental challenges and opportunities, including climate change, water and air.

Plans for meeting the priority

- Implement year two of the Environment Strategic Plan:
  - Improve integration and synthesis of scientific research and analysis with agri-environmental programming and services;
  - Target agri-environmental efforts to address nutrient management, greenhouse gas emissions, and adaptation on priority landscapes; and
  - Provide leadership in the implementation of the Global Research Alliance Framework, and expand collaboration in priority areas with target countries.

Priority: Transform AAFC's business practices improving the efficiency and effectiveness of programs, services, and operations to meet the challenges of the future	**Type:** Previously committed to	**Strategic Outcomes and/or Program Activities** SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector

Description

Why is this a priority?

- AAFC identified the need to make strategic changes to the way Grants and Contributions (G&C) programs were delivered to the Canadian public, with the aim of reducing program and project administrative burden and strengthening accountability for managing programs. As well, to support a profitable and sustainable sector, AAFC's highly complex programs and services and its diverse range of clients require a dedicated, comprehensive and sustained effort to reach and maintain a high standard of program and service delivery.

Plans for meeting the priority

- AAFC's response to these drivers resulted in the implementation of the Grants and Contributions Delivery Project (GCDP). Clients will benefit as non-BRM G&C programs will be simplified and, as a result of automation, both turnaround time and paper burden will be reduced. The GCDP is two-fold in scope:
  - Business Transformation: the departmental adoption of a Common Business Process Model to design, deliver and report on non-Business Risk Management (BRM) G&C programs; and
  - Common Tools Utilization: the implementation of a departmental common platform, the Grants and Contributions Delivery System, for the electronic delivery and management of non-BRM G&C programs.
- In conjunction with the GCDP, AAFC is implementing an organization-wide approach to program and service management and delivery, which will continue to:
  - Facilitate transactions with provincial and territorial partners though the web-based system AgriShare which enables on-line submission of financial and performance information;
  - Reduce burden on clients by harmonizing forms, and simplifying application processes and access to information on programs and services;
  - Address the expectations of clients by providing timely access to information they need and ensuring standard turnaround times for various client transactions with the Department;
  - Enhance and implement tools and processes to measure and manage client satisfaction feedback as it relates to program and service delivery;
  - Ensure staff are given the right tools and training to be knowledgeable and provide consistent information and service to clients; and
  - Enhance the management, coordination, standardization and harmonization of programs.

Priority: Advance Public Service Renewal	**Type:** Ongoing	**Strategic Outcomes and/or Program Activities** SO1 – An environmentally sustainable sector SO2 – A competitive sector that proactively manages risk SO3 – An innovative sector

Description

Why is this a priority?

- AAFC will advance *Growing Forward 2*, the next FPT agricultural policy framework, and strengthen the design and delivery of programs and services to respond to the needs of clients and ensure results for Canadians. At the same time, the Department will be engaged in the transformation and renewal of its operations, which will be of particular importance in achieving its priorities, as well as reflecting good government and a responsible public service.

Plans for meeting the priority

- In response to the Clerk of the Privy Council's *Eighteenth Annual Report to the Prime Minister on the Public Service of Canada*, AAFC will continue to report on its efforts and accomplishments to engage employees in the excellence agenda, while renewing its workforce and workplace.
- The Department will focus, for 2012-13, on further developing the skills and talents of its people, with an emphasis on talent and leadership development initiatives as well as acting on the results of the Public Service Employee Survey.

Risk Analysis

Perceptions persist among some that very little has changed in agriculture. Nothing is further from the truth. Canadian agriculture is driven by tens of thousands of highly skilled entrepreneurs and risk-takers. It is a strong contributor to the Canadian economy, providing jobs and opportunities across the country. With a strong resource base in Canada and rising demand at home and abroad for Canadian agriculture and agri-food products, long-term prospects for the sector are bright.

Technology and innovation are critical to the Canadian agriculture and agri-food industry's competitive advantage; some of today's major crops that are now important Canadian exports, such as canola, did not even exist 30 years ago. Markets are global, consumer demand is volatile and sophisticated, and retailers and processors are extremely demanding when it comes to quality, safety and commodity attributes.

The supply chain is complex yet manages to deliver consistently high quality food to the tables of Canadians and consumers around the world. The agriculture and agri-food system (including inputs, primary production, processing, retail, and food-services) is a large component of Canada's economy, contributing over $100.3 billion to Canada's GDP (8.1%) in 2010 and employing over 2.1 million Canadians across this value chain.

The performance of the agriculture and agri-food system continues to be influenced by global economic factors. Over the past two to three years, crude oil and many commodity prices rose sharply to record levels in 2008 and 2010. While they have levelled from these peaks, many commodity prices are projected to remain at higher than historical rates.

Recent economic developments in global markets continue to temper growth expectations, particularly in the European Union and the U.S. where the debt situations threaten economic recovery. Even with higher commodity prices, price and exchange rate volatility adds to the uncertainty associated with marketing agriculture and agri-food products in Canada and around the world. Given the increasing importance of export opportunities to the Canadian agriculture and agri-food industry, it is relatively robust economic growth in developing markets and the ability to access those markets that will be a key factor underpinning Canadian export expansion.

At the same time, the emergence of major competitors in growth economies has added to the challenges and opportunities of competing in global markets. Global supply and demand conditions are changing and these are creating new opportunities through:

- increasing global food demand from population growth;
- rising incomes in emerging markets;
- evolving consumer demands regarding the growing, processing, and content of their food;
- significant responses by processors and retailers who are demanding higher standards on how food is grown and processed; and
- vast new opportunities in the fast emerging bio-economy, creating other non-food markets for agricultural production.

Challenges remain, like rising input costs, the impacts of climate variability on productivity and yields, and, notably, the emergence of new competitors. While Canada benefits from several natural resource advantages, this, by itself, does not guarantee success. The sector requires a government partner to foster a culture of innovation and a supportive business environment to prosper. This will be emphasized in light of ongoing reforms of Canada's commodity marketing institutions, which will test the sector's ability to respond to market forces.

The development of *Growing Forward 2*, the next FPT policy framework for agriculture and agri-food, will occupy much of the Department's time and resources in 2012-13. This work involves extensive negotiations at the multilateral and bilateral level, as well as extensive program design and other policy development work, including stakeholder engagement.

Also in 2012-13, AAFC will move forward with the Government's agenda to secure Canada's economic recovery and return to fiscal balance. Budget 2011 launched a strategic and operating review of direct program spending across all of government in 2011-12, with emphasis on generating savings from operating expenses and improving productivity, while also examining the relevance and effectiveness of programs.

AAFC strives to fulfill its mandate and responsibilities by balancing both risks and opportunities when designing its policies, programs and services. AAFC's implementation of integrated risk and opportunity management supports informed decision-making and continuous improvement.

Through the annual *Corporate Risk Profile* exercise and other various management practices, tools, and guides, AAFC is fostering a responsible, risk-smart and opportunity-driven culture that focuses on informed decision-making, integrated business planning, and strategic resource allocation, all of which help the Department achieve its strategic objectives.

AAFC recognizes that continuous improvement and maturity of practices are required so that its risk management approach remains effective and relevant. Thus, AAFC has renewed its integrated risk and opportunity management process and tools to reflect leading best practices.

The following table provides an overview of the most significant, overarching corporate risks and their corresponding response strategies identified in the 2012-13 *Corporate Risk Profile*. Given the converging nature of the Department's corporate risks, to a certain extent, they are directly linked to all strategic outcomes and program level activities.

2012-13 Corporate Risks*	Key Response Strategies Include
Catastrophic Crisis There is a risk that the Department does not have the capacity required to contribute fully to the broader federal effort to respond to wide-scale emergencies, which potentially present severe consequences to the agriculture, agri-based and agri-food sector and/or to Canadians at large.	Continue to participate in and contribute to emergency management and governance procedures, industry emergency preparedness activities (e.g., flood), preparation for animal disease outbreaks (i.e., Livestock Market Interruption Strategy), and emergency preparedness activities in support of the agriculture and agri-food sector.
Information Management/Information Technology (IM/IT) Disaster Recovery Readiness There is the risk that AAFC's ability to deliver essential services to the public would be severely impeded in the event of a loss of any data centre location (National Headquarters Complex for the Agriculture Portfolio, Winnipeg and Regina). This event could result in the loss of business capacity with serious financial or economic consequences, or could compromise safety to Canadians (e.g., food safety information to Canadians from the Canadian Food Inspection Agency).	Continue to develop and test disaster recovery plans for IM/IT systems for AAFC's critical services and functions: develop plan for disaster recovery of IM/IT systems in support of remaining priority AAFC services and functions; document disaster recovery plan requirements and high-level plan for AAFC shared-services partners and clients; and review and update MOUs with partners and clients. *Note: Some of AAFC's IM/IT infrastructure responsibility was transferred to Shared Services Canada (SSC) by the Order-In-Council dated November 15, 2011; full responsibility to SSC is effective April 1, 2012.*
Infrastructure There is a risk that the Department's aging infrastructure cannot support its work and priorities.	Management of the Department's infrastructure through its Investment Plan and related governance to support ongoing operations and priorities; and continue rejuvenation of a dam safety management system.
Knowledge and Information Management There is a risk that if AAFC is not able to transition to an organization where knowledge and information is managed, transferred, shared and preserved as a corporate resource, there will be a decrease in productivity and effective decision making. This risk is compounded by the loss of key expertise due to employee departures, the exponentially increasing volume of information, as well as privacy and security threats.	Implementation of the Departmental Knowledge, Information and Collaboration Support Strategy, inclusive of Knowledge Workspace initiative; continuation of AAFC's National Mentoring Program; staff engagement; and continued adoption and use of appropriate social media tools.

2012-13 Corporate Risks*	Key Response Strategies Include
People Work Environment There is a risk that AAFC will not be able to achieve one or more of its business priorities as a result of ineffective development, alignment and retention of its people resources and/or the delayed targeted recruitment to fill key positions.	Develop the 2012-15 Corporate Human Resources Plan and associated Staffing and Recruitment Strategy. Implement employee development programs including the Management and Leadership Development Program, National Mentoring Program and Leadership Development program for research scientists. Implement the Values and Ethics Code for AAFC including a Policy on Conflict of Interest and Post-Employment.
Program Risk There is a risk that program design or delivery practices do not support the achievement of desired policy results. Opportunities exist to re-engineer program delivery functions and to increase client awareness and improve accessibility to programs.	Application of corporate approvals, oversight boards and cross-functional "tiger teams"/working groups; client stakeholder feedback; monitoring of the implementation of department-wide Grants and Contributions Delivery System; and expansion of AgPal, a web-based discovery tool that will help clients find programs and services that apply to them.

* Shown alphabetically.

AAFC continues to support a foundation for sound business practices where integrated risk and opportunity management is imbedded in its planning, decision-making and management practices in the pursuit of strategic objectives.

Planning Summary

Budget 2010 outlined the federal government's plan to restore balance to public finances over the next five years. One of the key measures of the plan is to freeze departments' and agencies' operating budgets in order to slow the growth of operating expenditures and improve efficiency. As a result, 2012-13 operating budgets, as appropriated by Parliament, will be frozen at 2010-11 reference levels. Management is reviewing various options to adjust to this constraint in funding. To do so, AAFC is building on its oversight practices to monitor program funding and expenditures.

Financial Resources ($ millions – net)

The following table provides a summary of total planned spending for AAFC over the next three fiscal years. For an explanation of the annual variation in spending, please refer to the discussion of the departmental spending trend in the Expenditures Profile subsection.

2012-13	2013-14	2014-15
3,012.6	2,485.1	2,410.4

Human Resources (Full-Time Equivalents – FTEs)[1]

The following table provides a summary of the total planned human resources for AAFC over the next three fiscal years, which is based on the Department's existing workforce.

2012-13	2013-14	2014-15
6,117	6,117	6,117

Planning Summary Tables

The following tables present: performance indicators and targets for each of AAFC's three strategic outcomes; forecasted spending for 2011-12 and planned spending for the next three fiscal years, by program activity in support of each strategic outcome; and total departmental spending for all program activities, forecasted for 2011-12 and planned for the next three fiscal years. Due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program, many program activities show a reduction in planned spending. The development of the successor *Growing Forward* policy framework is currently underway and, once in effect, will increase planned spending.

Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

Performance Indicators	Targets
Soil Quality Agri-Environmental Index*	81 by Mar 31, 2030 (Index was within the good range in 2010-11 and showed an improving trend)
Water Quality Agri-Environmental Index*	81 by Mar 31, 2030 (Index was within the good range in 2010-11 and showed a deteriorating trend)
Air Quality Agri-Environmental Index*	81 by Mar 31, 2030 (Index was within the good range in 2010-11 and showed an improving trend)
Biodiversity Quality Agri-Environmental Index*	81 by Mar 31, 2030 (Index was within average range in 2010-11 and showed a stable trend)

* The indices listed measure agri-environmental progress in each of the four key areas of soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance. For more information, visit http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1295378375770&lang=eng.

($ millions – net)

Program Activity	Forecast Spending 2011-12[2]	Planned Spending[3]			Alignment to Government of Canada Outcomes
		2012-13	2013-14	2014-15	
1.1 Environmental Knowledge, Technology, Information and Measurement	64.3	53.7	28.4	27.1	A Clean and Healthy Environment (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
1.2 On-Farm Action	155.3	130.9	59.3	44.3	
Total for Strategic Outcome 1	**219.6**	**184.7**	**87.7**	**71.4**	

Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Performance Indicators	Targets
GDP in constant dollars (2002) of the agriculture and agri-food sector (includes seafood processing)	$46.9 billion by Mar 31, 2013 This represents a 10% increase from the 2009 GDP.

($ millions – net)

Program Activity	Forecast Spending 2011-12[2]	Planned Spending[3]			Alignment to Government of Canada Outcomes
		2012-13	2013-14	2014-15	
2.1 Business Risk Management	1,724.2	1,859.4	1,859.9	1,858.3	Strong Economic Growth (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
2.2 Food Safety and Biosecurity Risk Management Systems	120.1	97.6	22.0	12.3	
2.3 Trade and Market Development	113.0	114.3	62.6	44.2	
2.4 Regulatory Efficiency Facilitation	27.0	35.7	12.6	12.6	
2.5 Farm Products Council of Canada	3.2	2.7	2.7	2.7	
Total for Strategic Outcome 2	**1,987.5**	**2,109.7**	**1,959.9**	**1,930.2**	

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Performance Indicators	Targets
Total R&D expenditures by Business Enterprises in food manufacturing	$172.7 million by March 31, 2014
Percentage increase in the development of food and other agriculture derived products and services as measured by revenues from bioproducts	$1.934 million by March 31, 2014 Note: Baseline is $1.758 million in bioproduct revenue in 2006. Target represents a 10% increase.

($ millions – net)

Program Activity	Forecast Spending 2011-12[2]	Planned Spending[3]			Alignment to Government of Canada Outcomes
		2012-13	2013-14	2014-15	
3.1 Science, Innovation and Adoption	299.6	339.4	147.8	123.7	An Innovative and Knowledge-Based Economy (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
3.2 Agri-Business Development	102.3	56.0	12.8	11.5	
3.3 Rural and Co-operatives Development	25.9	20.0	5.2	5.2	
3.4 Canadian Pari-Mutuel Agency	0.0	(0.0)	(0.2)	(0.3)	A Fair and Secure Marketplace (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
Total for Strategic Outcome 3	**427.8**	**415.4**	**165.6**	**140.1**	

Internal Services

The Internal Services program activity supports all three of the above strategic outcomes.

($ millions – net)

Program Activity	Forecast Spending 2011-12[2]	Planned Spending[3]		
		2012-13	2013-14	2014-15
Internal Services	338.6	302.8	272.0	268.7

Total Departmental Spending

($ millions – net)

All Program Activities	Forecast Spending 2011-12[2]	Planned Spending[3]		
		2012-13	2013-14	2014-15
Total Departmental Spending	2,973.5	3,012.6	2,485.1	2,410.4

1 The FTEs do not include students or staff funded through respendable revenue sources. For example, in 2011-12, there were 23 FTEs employed by AAFC funded by respendable revenue sources from collaborative research projects with industry, and other activities not funded through AAFC appropriations. Also, 453 FTEs were employed as students.

2 Forecast spending for 2011-12 reflects the authorized funding levels to the end of the fiscal year 2011-12 (not necessarily forecast expenditures).

3 Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process (for the 2012-13 through to 2014-15 planning years) as presented in the Annual Reference Level Update. It also includes adjustments in future years for funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2012. More information will be provided in the 2012-13 Supplementary Estimates.

For an explanation of the annual variation in planned spending displayed in the above tables, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

The figures in the above tables have been rounded. Figures that cannot be listed in millions of dollars are shown as 0.0. Due to rounding, figures may not add to the totals shown.

Contribution to the Federal Sustainable Development Strategy

AAFC is a participant in the Federal Sustainable Development Strategy (FSDS), which outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key strategic environmental goals and targets. FSDS goals and targets are considered in the Department's decision-making processes. Where applicable, AAFC analyzes the impact of new policy or program initiatives on attaining relevant FSDS goals and targets, through the Strategic Environmental Assessment process in accordance with the *Guidelines for Implementing the Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals* (http://www.ceaa.gc.ca/default.asp?lang=En&n=B3186435-1).

The Department contributes to Themes I - Addressing Climate Change and Air Quality; II - Maintaining Water Quality and Availability; III - Protecting Nature; and IV - Shrinking the Environmental Footprint – Beginning with Government, as denoted by the following visual identifiers:



Theme I: Addressing Climate Change and Air Quality



Theme II: Maintaining Water Quality and Availability



Theme III: Protecting Nature



Theme IV: Shrinking the Environmental Footprint – Beginning with Government

AAFC's contributions are components of the following Program Activities and are further explained in Section II of this RPP:

- Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement
- Program Activity 1.2: On-Farm Action
- Program Activity 4.1: Internal Services (AAFC's contribution to Greening Government Operations (GGO), the goal of Theme IV)

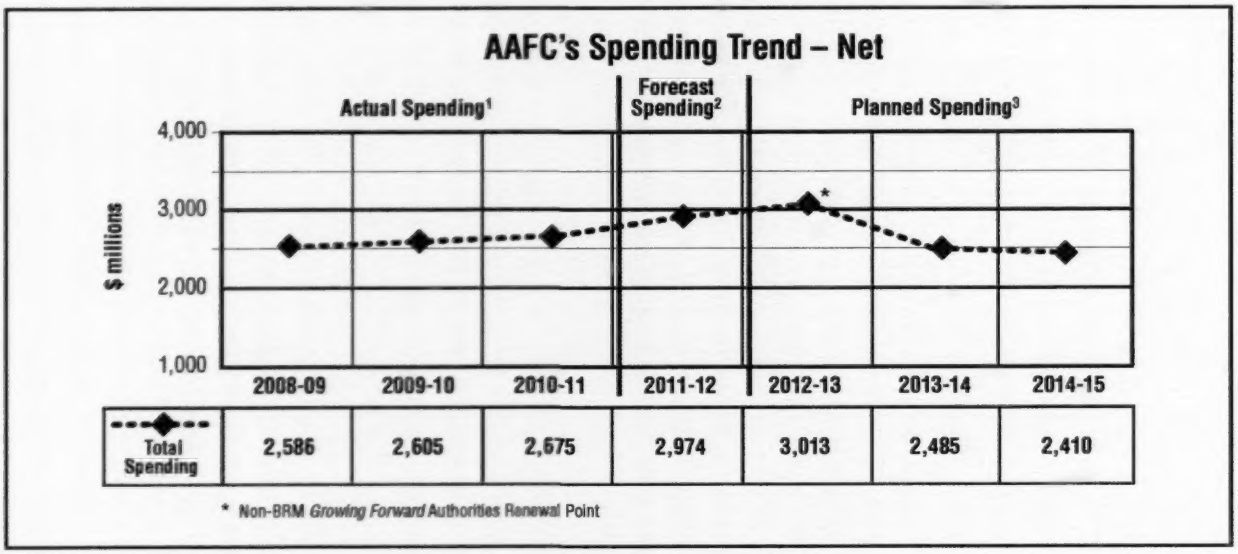
For additional information on the Department's activities in support of sustainable development, please see Section II of this RPP, details of AAFC's Departmental Sustainable Development Strategy on the Department's website (www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1299623763856&lang=eng) and the Supplementary Information Table on Greening Government Operations, which is listed in Section III of this RPP and housed on the Treasury Board of Canada Secretariat's website (http://www.tbs-sct.gc.ca/rpp/2012-2013/info/ggo-eog-eng.asp#agr). For complete details on the Federal Sustainable Development Strategy, please see the Environment Canada's website (www.ec.gc.ca/dd-sd).

Expenditure Profile

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture, agri-food and agri-based products sector in any given period. Programming within AAFC is in direct response to industry and economic factors which necessitate support to this vital part of the economy. Much of AAFC's programming is statutory (i.e. for programs approved by Parliament through enabling legislation) and the associated payments fluctuate according to the demands and requirements of the sector.

Departmental Spending Trend

The figure below illustrates AAFC's spending trend from 2008-09 to 2014-15.



Notes:

1 Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts.

2 Forecast spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).

3 Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Annual Reference Level Update. It also includes funding approved in the government fiscal plan, but yet to be brought into the Department's reference levels. Planned spending has not been adjusted to include new information contained in Budget 2012. More information will be provided in the 2012-13 Supplementary Estimates.

Over the period 2008-09 to 2014-15, actual, forecast and planned spending varies from a high of $3.0 billion in 2012-13 to a low of $2.4 billion currently planned for 2014-15. This variability is the result of a number of factors outlined below.

Although the actual spending trend depicted above is generally consistent across the years, the programs and initiatives vary from year to year in response to changes affecting the agriculture, agri-food and agri-based products sector.

2009-10 included support under the Hog Farm Transition Program for an orderly transition of the pork sector in view of new market challenges by providing funding to successful bidders who agreed to empty barns and cease production for three years. Spending for 2010-11 reflects support under the Prairie Excess Moisture Initiative, which provided emergency assistance to producers affected by flooding conditions from the spring and summer of 2010. Both 2009-10 and 2010-11 included investments under Canada's Economic Action Plan to assist in the recovery from the global economic recession.

The requirement for Business Risk Management (BRM) program funding over the recent years has been lower than in the past as a result of stronger commodity prices.

The increase in forecast spending in 2011-12 is largely the result of emergency assistance provided to producers affected by flooding conditions in Alberta, Saskatchewan, Manitoba and Quebec.

2012-13's planned spending appears in line with 2011-12's forecast spending as 2012-13's amount includes the full BRM programming envelope. Funding is brought into the Department's reference level as demand under the associated statutory programs requires it.

The reduction in planned spending from 2012-13 to 2014-15 reflects the sunsetting of the current non-BRM *Growing Forward* program at the end of 2012-13. AAFC, in consultation with provinces and territories, continues to work on developing a successor *Growing Forward* policy framework to position the industry to meet challenges in the decade ahead.

Estimates by Vote

For information on our organizational appropriations, please see the 2012–13 Main Estimates publication (http://www.tbs-sct.gc.ca/est-pre/20122013/p2-eng.asp).

Analysis of Program Activities by Strategic Outcomes

Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

Agriculture and Agri-Food Canada supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

Program Activity 1.1: Environmental Knowledge, Technology, Information and Measurement

Program Activity Description

AAFC is focused on supporting the sector through initiatives that enable them to use a more systematic management approach to making decisions with respect to environmental risks, and help identify suitable corrective actions. AAFC is conducting basic and applied research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm and landscape levels; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting systems and economic indicators to assess the sector's environmental and economic sustainability. This program provides the platform for innovation and discovery of technologies and strategies to improve the agri-environmental performance of the sector.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15
53.7	28.4	27.1

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway).

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
658	658	658

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Agriculture and agri-food sector makes decisions that incorporate sound environmental practices	Percentage of farms in Canada which have a formal Environmental Farm Plan (EFP). Note: the 2006 Farm Environmental Management Survey (FEMS) results indicate that 27% of all farms had an EFP. Next FEMS survey is planned for 2012	34% by March 31, 2013

Planning Highlights

AAFC helps ensure environmental benefits are realized and environmental risks are minimized in the agriculture and agri-food sector by leading the development and implementation of programs and services that enable the sector to make informed decisions and assess and use sustainable practices to produce and market its products. To that end, in 2012-13, the Department will continue to identify knowledge and technology gaps, conduct research to develop and refine sound environmental practices, as well as develop and link policies, programs and information that collectively will enhance the stewardship practices of the sector and contribute to environmental sustainability. In addition, the Department's work in these areas will be informed by evaluations resulting from AAFC's performance measurement and reporting programs, including evaluations of Agri-Environmental Science Programs. Both of these evaluations are targeted for completion by October 2012.

AAFC's work in this Program Activity will focus on water use, water quality, air quality and biodiversity, adapting to climate change, mitigating agriculture's greenhouse gas emissions, and exploring new economic opportunities. All of the efforts will contribute to a cleaner environment and healthier living conditions for the Canadian public, and the profitability of the sector through new and existing products, services, processes and markets. Coordinated and informed decision-making among industry, governments and academia is supported by AAFC research, information sharing, environmental farm planning and beneficial management practices programming and performance measurement and reporting tools. These are the areas upon which a solid foundation of environmental sustainability will continue to be built.

Developing and strengthening relationships with industry associations, entrepreneurs, provincial-territorial partners, and community stakeholders will continue to ensure progress in the agri-environmental arena. Enhanced domestic and global networks and partnerships will be keys to success given the complexity of challenges and opportunities facing the sector.

Also, AAFC contributes to the Federal Sustainable Development Strategy (FSDS) with FSDS implementation strategies under this program activity. For the following FSDS targets, the Department will:

Target 1.1: Climate Change Mitigation

- Conduct basic and applied research to increase knowledge of the effects of agricultural production on site; provide the science base for development and assessment of beneficial management practices.
- Conduct targeted research to increase knowledge of climate change relative to agriculture; establish networks of scientists engaged in addressing climate changes issues in a broader, integrated context.
- Assess and report on the collective environmental and economic impact of the adoption of sustainable agriculture practices by farmers on the Canadian landscape.

Target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector)

- Conduct targeted research to increase knowledge of water resources relative to agriculture; establish networks of scientists engaged in addressing resource issues in a broader, integrated context.
- Assess and report on the collective environmental and economic impact of the adoption of sustainable agriculture practices by farmers on the Canadian landscape.
- Increase the understanding of the effectiveness of beneficial management practices (BMPs) in an agricultural watershed setting, and improve the understanding of the long-term relationship between BMPs and related agricultural land use activities, both environmental and economic.

Target 6.4: Managing Threats to Ecosystems

- Use preserved and living biological collections to support identification, characterization, risk assessment, and management strategies for alien invasive species.

For details of these FSDS implementation strategies, please see AAFC's Departmental Sustainable Development Strategy (www.agr.gc.ca/sds).

In addition, AAFC is responsible for leading FSDS target 3.6 above, and the related FSDS performance indicator, as follows:

FSDS Target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector)

FSDS Goal	Performance Indicator	FSDS Target
Goal 3: Water Quality: Protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems	Water quality and soil quality agri-environmental performance indices (aggregates of 4 water quality and 6 soil quality indicators respectively)	Fresh Water Quality: Achieve a value between 81-100 on each of the Water Quality and Soil Quality Agri-Environmental Performance Indices by March 31, 2030

Program Activity 1.2: On-Farm Action

Program Activity Description

AAFC supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food industry. AAFC supports farmers through agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm and landscape levels; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices. This program supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadian people, and a more profitable agriculture sector.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15*
130.9	59.3	44.3

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway), and due to the winding down in 2013-14 of the AgriFlexibility program. Further, the 2014-15 decrease in planned spending is mainly due to the AgriFlexibility program sunsetting in 2013-14.

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
397	397	397

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Improved agri-environmental risk assessment and risk mitigation by agricultural producers	Percentage of farms in Canada taking action on their Environmental Farm Plan (EFP). Note: the 2006 Farm Environmental Management Survey (FEMS) results indicate that 90% of all farms had implemented at least one BMP. Next FEMS survey is planned for 2012	92% by March 31, 2013

Planning Highlights

AAFC supports farmers through direct on-farm programming and technical advice in air, water, soil and biodiversity to identify environmental risks and opportunities and promote the continuous growth of the stewardship ethic within the agriculture and agri-food industry. The Department will help farmers acquire the tools to understand the implications of their production decisions on the long-term sustainability of their farms. It will also help farmers adopt new technologies and production practices, and implement comprehensive environmental farm plans and beneficial management practices to achieve measurable and meaningful environmental goals and the protection and conservation of the natural resource base.

For example, AAFC is working with producers, the agricultural community and academia to help Canadian farmers become more competitive and profitable through the new five-year, $27 million Agricultural Greenhouse Gases Program. The program focuses on making on-farm greenhouse gas mitigation technologies, research and beneficial management practices available to farmers.

Collectively these programs, services and initiatives will accelerate the adoption of environmentally sound management practices and help the sector realize environmental and economic benefits. This ongoing interest in on-farm environmental stewardship will contribute to a healthy environment for all Canadians.

Also, AAFC contributes to the Federal Sustainable Development Strategy (FSDS) with FSDS implementation strategies under this program activity. For the following FSDS target, the Department will:

Target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector)

- Provide a systematic approach to farmers, through federal/provincial partnerships, to assess priority environmental risks and address them by developing plans to mitigate these risks and/or implement suitable preventative on-farm actions.
- Increase the adoption of sustainable agriculture practices at farm and landscape levels.

For details of these FSDS implementation strategies, please see AAFC's Departmental Sustainable Development Strategy (www.agr.gc.ca/sds).

In addition, AAFC is responsible for leading FSDS target 3.6 above, and the related FSDS performance indicator, as follows:

FSDS Target 3.6: Fresh Water Quality (agriculture, agri-food and agri-based products sector)

FSDS Goal	Performance Indicator	FSDS Target
Goal 3: Water Quality: Protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems	Water quality and soil quality agri-environmental performance indices (aggregates of 4 water quality and 6 soil quality indicators respectively)	Fresh Water Quality: Achieve a value between 81-100 on each of the Water Quality and Soil Quality Agri-Environmental Performance Indices by March 31, 2030

Strategic Outcome 2: A competitive agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

Program Activity 2.1: Business Risk Management

Program Activity Description

AAFC has a comprehensive business risk management program (BRM) to better equip producers with the tools and capacity to manage business risks. This program provides coverage for small income declines, margin-based support for larger income losses, a disaster relief framework for rapid assistance to producers, and production insurance to protect farmers against production losses due to uncontrollable natural hazards. In addition, assistance to producers through the provision of financial guarantees facilitates the marketing of producers' products when market conditions and prices may be more favourable.

Financial Resources ($ millions – net)

2012-13	2013-14	2014-15
1,859.4	1,859.9	1,858.3

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
418	418	418

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Producers' income losses are reduced	Current year producers' net market income (NMI) plus BRM payments compared to the previous five-year average NMI plus BRM payments for the sector. Target is 85% of the previous five-year average NMI plus BRM payments	85% by March 31, 2013
	Percentage of producers considering the BRM suite of programs as an effective tool to manage income losses	At least 70% of surveyed producers who lost income by March 31, 2013

Planning Highlights

AAFC, together with provincial and territorial governments, developed the BRM suite of programs under the *Growing Forward* policy framework (www.agr.gc.ca/growingforward). The overall aim is to reduce producers' income losses resulting from factors beyond their control. Each of the programs within the suite, AgriInvest (www.agr.gc.ca/agriinvest), AgriStability (www.agr.gc.ca/agristability), and AgriInsurance (www.agr.gc.ca/agriinsurance), has its own objective in meeting the overall result, with the individual program performance tracked through measures and targets. Together, the programs assist producers to manage risk and reduce income losses due to factors beyond their control.

Under AgriInvest, producers can use their accounts to cover small income losses or for investments to improve their farms' profitability. AgriStability stabilizes producers' incomes against large losses (relative to their historical income) due to reasons beyond their control. AgriInsurance provides farmers with affordable, predictable and timely protection against production and asset losses due to uncontrollable natural hazards.

During the upcoming year, AAFC will continue to work with the provinces, territories and industry stakeholders to develop *Growing Forward 2*, the next FPT agriculture policy framework, including the next generation of BRM programming. Industry engagement, which began in spring 2010, will continue to identify sector priorities and provide input to the policy development. FPT governments and industry stakeholder engagement sessions are planned for 2012 with a focus on developing program options that support the policy priorities identified for *Growing Forward 2*.

In addition, the new generation of BRM programming will also take into consideration the results of recent evaluations completed for the AgriRecovery, AgriStability and AgriInvest programs in 2011-12, as well as the results of an evaluation of the AgriInsurance program that is targeted for completion by June 2012.

The Office of the Auditor General (OAG) tabled a report in the House of Commons on November 22, 2011, which included a chapter on *Payments to Producers*, covering AgriStability and AgriInvest. The report concluded that AAFC needs to address long-standing program design issues, and while it has made progress in addressing issues raised in the 2007 audit of the Canadian Agricultural Income Stabilization program, timeliness of payment processing remains a concern. The report also noted that AAFC must improve its monitoring and reporting of program performance.

The OAG recommended that AAFC work with service delivery partners to understand their challenges and develop, then monitor, realistic implementation timelines for future income support programs. The Department will continue to engage the service delivery partners early and often during the process. Through established working groups and special meetings, officials will ensure that the challenges are identified and workable and timely solutions are developed. The Department will also continue to ensure that time-sensitive contingency plans are in place to ensure producers have access to program benefits despite challenges that may arise with the intended delivery arrangement.

In program delivery, the Department's goal is to ensure program benefits are available to producers in a timely manner. As part of *Growing Forward 2* discussions, AAFC will review the design of income support programming and its impact on timeliness of payments. The Department will engage industry on the role of the various programs in the suite, as well as the inherent trade-offs between timely payments and the ability of a program to target the specific circumstances of each farm. The Department will also continue to analyze its payment processes to implement remedies that improve the timeliness of payment processing.

With respect to the monitoring and reporting of program performance, the OAG recommended that AAFC work with the provinces to finalize and fully implement the agreed-upon performance measurement framework. It also called upon the Department to improve the completeness and timeliness of reporting to Parliament and the public on income support programs. AAFC and the provinces collaborate each year in the process of collecting, measuring, analyzing, and using performance information to evaluate programs with a view towards continuous improvement. AAFC reports annually on BRM program performance to senior FPT government officials and in the annual federal Departmental Performance

Report (DPR) to Parliament. The Department is committed to refining the performance framework for the BRM programs and using key indicators from the refined framework to provide a complete view of program performance in the 2012-13 DPR.

The BRM program suite is complemented by two loan guarantee programs: the *Canadian Agricultural Loans Act* (CALA) program and the Advance Payments Program (APP). The CALA program (www.agr.gc.ca/CALA) provides a guarantee on asset-based loans to establish, improve and develop farms or to process, distribute and market products by farming cooperatives. The APP (www.agr.gc.ca/app) is a federal guaranteed loan program governed by the *Agricultural Marketing Programs Act* (AMPA) that provides producers with a cash advance on the value of their agricultural products during a specified period.

An evaluation of the administrative aspect of the AMPA was completed in November 2011 and the results will serve to inform the legislative review that is currently under way.

Program Activity 2.2: Food Safety and Biosecurity Risk Management Systems

Program Activity Description

AAFC supports producers and organizations in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base thus strengthening the sector against widespread diseases and losses in domestic and foreign markets. The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems and a National Agriculture and Food Traceability System. These systems also support emergency management to limit the spread of animal and plant diseases, thereby reducing economic, environmental and social impacts of a crisis. A National Animal and Plant Biosecurity Strategy provides overall policy direction ensuring efforts are targeted at the highest possible biosecurity risks. Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15*
97.6	22.0	12.3

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway), due to the sunsetting in 2012-13 of the program for Control of Diseases in the Hog Industry, and due to the winding down in 2013-14 of the AgriFlexibility program. Further, the 2014-15 decrease in planned spending is mainly due to the AgriFlexibility program sunsetting in 2013-14.

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
310	310	310

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Increased safety of the food systems	Percentage of producers participating in HACCP-based programs reporting adoption of food safety practices	45% by March 31, 2013 (The 2005 survey showed a level of participation of 28% for HACCP-based programs and in the 2008 survey it was 39%)

Planning Highlights

Government-recognized and science-based food safety, biosecurity and traceability practices, tools and systems at the farm and agri-business levels help prevent the spread of animal and plant diseases. This reduces costs associated with responses to disease outbreaks, helps continue and enhance market access, and allows the sector to better respond to increasing demands for assurances of food safety. In turn, this strengthens domestic and international consumers' confidence in Canada as a source for safe products.

Under *Growing Forward* (www.agr.gc.ca/growingforward), AAFC will continue to help develop farm-level, national biosecurity standards. Through a memorandum of understanding with AAFC, which also includes work on food safety and traceability, the Canadian Food Inspection Agency (CFIA) is working on these standards with input from national commodity groups, provinces and territories, and other stakeholders.

AAFC will continue to conduct research on food safety, security and protection of food systems. This will include detection, characterization, monitoring, and mitigation of current and emerging food-borne hazards in production, processing, storage, and distribution. Additionally, this includes understanding emerging threats and contributing to their control. Examples of such threats include wheat rust and clubroot, the latter a disease affecting vegetable and canola crops. Quality management strategies, risk mitigation strategies and measures will be developed for the sector. Overall, research work in this area provides the science base for predictive modelling of security and regulatory actions.

Also under *Growing Forward*, the Department will continue to provide financial incentives in 2012-13 to national organizations for on-farm and post-farm HACCP or HACCP-based food safety systems. These systems establish basic operating principles to be followed for consistently safe food. Once developed, these systems are available to producers and non-federally registered food-processing enterprises. System implementation of food safety programs is administered by provinces and territories under *Growing Forward*.

AAFC is working with stakeholders to accelerate the National Agriculture and Food Traceability System to ensure a country-wide, integrated approach. In 2009, governments agreed to work towards a national mandatory traceability system, beginning with livestock and poultry. Work will continue to develop a new legislative and regulatory framework and a national information-sharing solution. This will provide access to traceability information collection systems put in place by industry organizations. AAFC will continue to help industry develop traceability systems and to support the CFIA under *Growing Forward* to achieve these goals.

Support will also be provided under the Agricultural Flexibility Fund, a five-year program (2009-14) aimed at improving sector competitiveness. For example, through the Agricultural Flexibility Fund, the Canola Council of Canada has been working with Chinese dairy and aquaculture processing companies to demonstrate the superior quality and nutritional benefits of canola meal. As a result of this research, a Chinese animal feed company will boost its buying of Canadian canola meal by up to $900 million over the next decade.

The Protection of the Food Supply is a component of AgriFlexibility that will continue to promote food safety, biosecurity, traceability, and risk management practices to ensure market access and increased demand for Canadian agricultural products. Also under AgriFlexibility, the federally delivered Livestock Auction Traceability initiative (www.agr.gc.ca/lati) is providing up to $20 million until March 31, 2014 to update animal handling structures to enhance traceability at high-risk, high-throughput sites where animals from different herds co-mingle.

Growing Forward 2, the next FPT agricultural policy framework, is expected to support the adaptability and sustainability of the sector, including contributions to key food policy objectives such as health or food safety.

Program Activity 2.3: Trade and Market Development

Program Activity Description

AAFC acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector. AAFC assists the sector in identifying new domestic and global opportunities, markets and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under *Brand Canada International* and the *Domestic Branding Strategy* to expand and deepen the sector's strengths in the marketplace.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15*
114.3	62.6	44.2

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway), and due to the winding down in 2013-14 of the AgriFlexibility program. Further, the 2014-15 decrease in planned spending is mainly due to the AgriFlexibility program sunsetting in 2013-14.

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
416	416	416

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Increased agricultural sector market development and access	Growth in total exports of agriculture and food	$40 billion by March 31, 2013

Planning Highlights

In 2012-13, AAFC will continue to focus on transforming the strengths of Canada's agriculture, agri-food and agri-based sector into success in global markets. Canada has a fundamental interest in expanding market access opportunities and in strengthening international trade rules to achieve a more level playing field for its producers and processors. Exports are extremely important to the profitability of this country's agriculture and food sector. Increasing exports will lead to more jobs for Canadians, especially in processing and distribution.

Over the next three years, the Agriculture and Food Trade Commissioner Service (AFTCS) (http://www.ats-sea.agr.gc.ca/exp/5607-eng.htm#a) will continue to assist Canadian companies with technical and marketing support to establish or expand markets for Canadian agri-food and seafood products. In response to the Government's priorities to increase support for the AFTCS, three new trade commissioner positions have recently been created (Ankara, Beijing and Jakarta) and two more will be added in 2012-13 (New Delhi and either Brasilia or Bogota), bringing the total to 16.

The Market Access Secretariat (MAS) helps resolve or advance Canadian trade issues and to open markets to Canadian commodities and products. MAS, in collaboration with the Canadian Food Inspection Agency and Foreign Affairs and International Trade Canada, and in consultation with industry stakeholders, provinces and territories, will focus on: formulating shared work plans for government and industry to address together outstanding market access issues and expand market access achievements; providing aggressive and sustained approaches and strategies in priority markets, both emerging and established, that present high-growth potential; leading technical market-access negotiations and co-ordinating and supporting related missions; and ensuring knowledge and expertise are put to work to the areas of trade policy and market access.

AAFC's Canada Brand Strategy (www.canadabrand.agr.gc.ca) will continue to help Canada's food and agriculture sector compete in domestic and global markets by differentiating Canadian products from competitors'. Through tools and promotional events, the Canada Brand will build awareness of the advantages and range of Canadian products to influence customers. Savour Canada promotional events will stimulate demand for Canadian products through chef demonstrations designed to provide direct experience with Canadian products.

The Canada Brand Advocacy Initiative will continue to help build a stronger Canada Brand and increase demand for Canadian products in the priority markets of Japan, Mexico and Germany. Sustained consumer-oriented marketing activities – including retail and restaurant promotions, advertising, and media relations campaigns – will raise awareness of the high quality Canadian food and beverage products and help pave the way for industry's complementary activities in these markets.

The Canada Brand domestic component will help retailers clearly identify the Canadian content of food products and make it easier for consumers to find Canadian food products on store shelves. As well, the www.eatCanadian.ca website and continued in-store promotional events will help consumers learn about Canadian food product attributes as well as the advantages of buying Canadian.

The Department will lead agricultural trade negotiations at the World Trade Organization (WTO) and at bilateral trade negotiations, notably with the European Union, Morocco and India. It will advance Canada's agricultural interests by working towards international rules that foster this country's competitiveness, create new export opportunities and protect supply-managed sectors. It will also advocate science-based and transparent regulatory systems, standards and processes, especially for novel products. Further, the Department will defend international rights, as appropriate, through consultative and dispute-settlement mechanisms of trade agreements (http://www.agr.gc.ca/itpd-dpci/ag-ac/ag-ac-eng.htm).

Technological advancements and the rise in non-tariff barriers to trade have resulted in an increasingly complex and challenging international marketplace. The Department will continue to advocate for science-based and transparent rules and regulations at the WTO, at the international standards setting bodies, and at multilateral and bilateral meetings. Science-based approaches are key if trade liberalization is to contribute to enhance economic growth and opportunity; to help to address problems such as food insecurity; and to support the unfettered trade of safe and innovative agri-food products. In addition, the Department will lead on the development of an international policy on the acceptance of low level presence of genetically modified organisms to acknowledge the realities of the global marketplace and mitigate the risk for Canadian exporters.

The Value Chain Roundtables (VCRTs) (http://www.ats-sea.agr.gc.ca/rt-tr/index-eng.htm) will continue to offer unique opportunities for industry and government to partner on challenges and opportunities. The Value Chain Roundtables Secretariat plays an important role to achieve progress on strategic objectives identified by individual sectors and for government by: developing official strategic plans; engaging appropriate industry and government partners; identifying common cross-sector priorities for attention; and coordinating meetings. Ongoing support will also be provided to industry in the form of market information and analysis (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177676316971&lang=eng).

Planning and supporting various domestic trade shows and incoming missions that connect Canadian agri-marketers to international collaborators and clients will continue to be a funded priority of the AgriMarketing Program (www.agr.gc.ca/AgriMarketing). This Program provides funds to national producer, processor and exporter associations, along with affiliated small- and medium-sized enterprises, for international market-development strategies. These strategies help to position the sector to better compete in existing markets, as well as identify and pursue emerging opportunities in new markets.

The Enabling Research for Competitive Agriculture (ERCA) program (www.agr.gc.ca/erca) will help identify new opportunities, markets and ways to enhance productivity and competitiveness in global and domestic markets. ERCA members will help inform AAFC's policy development process for *Growing Forward 2*.

An evaluation of AAFC's trade and market development initiatives will be completed in 2012-13 to help inform policy discussions regarding the renewal of *Growing Forward* programs in 2013-14.

Program Activity 2.4: Regulatory Efficiency Facilitation

Program Activity Description

AAFC is undertaking initiatives to ensure that the regulatory environment promotes sector innovation, investment and competitiveness. The Department recognizes that with the rapid pace of technological advancement and emerging gaps between international and domestic regulatory policies, Canada's regulatory environment will need to increase capacities and accelerate modernization to be responsive. The initiatives will involve working with stakeholders along the value chain to enhance their ability to fulfill regulatory requirements, and collaborating with federal partners and industry to find ways of streamlining the regulatory burden through targeted actions on sector priorities, while at the same time maintaining Canada's strong regulatory system with respect to health and safety. Improving the timeliness and transparency of science-based regulatory decision-making will also contribute to improved public and stakeholder confidence.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15
35.7	12.6	12.6

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway).

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
62	62	62

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Increased minor-use pesticides, reduced-risk pest management tools, health claims, novel foods, and ingredients that are permissible or available for use	Number of regulatory policies that are changed to facilitate innovation in health claims, novel foods, and ingredients	5 by March 31, 2013
	Number of submissions for minor-use pesticides, health claims, novel foods, and ingredients that meet regulatory requirements	45 annually by March 31, 2013
	Number of reduced-risk pest management tools available for use	4 annually by March 31, 2013

Planning Highlights

A competitive and innovative agriculture and agri-food sector, supported by modernized regulatory processes and improved regulatory cooperation, will contribute to the betterment of all Canadians.

Under the *Growing Forward* Regulatory Action Plan (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1244561809991&lang=eng), AAFC is assisting the agriculture and agri-food sector understand and navigate the regulatory system and address the science-based requirements. The Department is also enhancing the capacity of regulatory bodies to streamline their processes, thus improving submission review times. Further, AAFC is developing pesticide risk reduction strategies and associated tools, techniques and technologies, and generating data to support regulatory submissions. Priority areas include: pesticide risk reduction; minor-use pesticides; veterinary drugs; health claims, novel foods, and ingredients; and voluntary food fortification. The Plan will improve producer access to newer and more effective pesticides and veterinary drugs. It will encourage industry investment in innovative foods with health attributes by facilitating the increased availability of food health claims, novel foods, ingredients and discretionary fortification.

Activities within the Plan will help new products move through the regulatory system, and assist in developing progressive regulatory policies and processes that respond to new technologies, while maintaining health and safety standards. In addition, it will provide Canadian growers with effective tools to control pests and diseases, and improve sustainability, health and safety.

AAFC will continue to work with stakeholders to identify minor-use pesticide solutions for pest problems and to develop strategies and associated action plans to reduce the risk of pesticides to human health and the environment. The Department will generate data on pesticide efficacy and residue, and crop tolerance to pesticides, as well as prepare submissions for new minor uses, and develop the tools, techniques and technologies to prevent and reduce the risk posed by pesticide use. This includes providing support to growers to establish national pest management priority projects, new minor uses of pesticides available to producers through a dedicated review process, improved pesticide resistance management, and improved access to reduced-risk tools, technologies and practices.

The Department will continue to provide analysis and advice on domestic food regulatory issues that impact innovation and competitiveness in foods with health benefits. This includes helping stakeholders determine plans and priorities with respect to health claims, novel foods, and ingredients based on market opportunities. AAFC will work with industry and the research community to develop awareness of the regulatory environment, establish science partnerships, and conduct research to address knowledge gaps to establish health-claim validity and novel-ingredient safety. The Department will also help stakeholders to complete substantiated regulatory submissions.

To help inform policy discussions regarding the renewal of regulatory programs under *Growing Forward*, AAFC will undertake an evaluation of the Agricultural Regulatory Action Plan that is targeted for completion by March 2013.

Program Activity 2.5: Farm Products Council of Canada

Program Activity Description

Established through the *Farm Products Agencies Act* (the Act), the Farm Products Council of Canada (FPCC) is a unique public interest oversight body which reports to Parliament through the Minister of Agriculture and Agri-Food (the Minister). The Act provides for the creation of national marketing and promotion-research agencies. The FPCC supervises these agencies and works with them to ensure that the supply management system for poultry and eggs and the check-off system for beef cattle work in the balanced interest of all stakeholders, from producers to consumers. The FPCC also provides advice to the Minister, maintains relationships with provincial governments and is an active proponent of portfolio management.

Financial Resources ($ millions – net)

2012-13	2013-14	2014-15
2.7	2.7	2.7

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
24	24	24

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
The domestic market share of Canadian producers of chicken, eggs, hatching eggs and turkey is stable or increasing	Domestic market share of Canadian producers of chicken, eggs, hatching eggs and turkey	80% by March 31, 2013
Consumer prices for chicken, eggs and turkey are more stable than those of other animal protein and consistent with other food prices	Relative consumer price variations for chicken, eggs and turkey are consistent with those of food prices	Consumer price variations for chicken, eggs and turkey are within plus or minus 10 percentage points of that of other agricultural products by March 31, 2013
	Relative consumer price variations for chicken, eggs and turkey are smaller than those of other animal protein	Consumer price variations for chicken, eggs and turkey are smaller than those of other animal protein by March 31, 2013

Planning Highlights

In 2012-13, the FPCC (http://fpcc-cpac.gc.ca/) will continue to work with and supervise the Canadian Beef Cattle Research Market Development and Promotion Agency, Canadian Hatching Egg Producers, Chicken Farmers of Canada, Egg Farmers of Canada, and Turkey Farmers of Canada.

Throughout 2012 to 2015, FPCC will implement its 2012-15 Strategic Plan, working with its partners to ensure that the supply management and promotion-research systems have the flexibility needed to respond to current and future challenges and that they can withstand public scrutiny. To do so, FPCC will foster a mutual understanding of the roles and responsibilities of the various partners within the supply management and promotion-research systems. It will further its working relationships and communications with its partners, support the establishment of new promotion-research agencies through advice and guidance, and improve coordination with provincial governments and supervisory boards with mandates similar to its own.

The supply management system was established in response to price volatility and revenue uncertainty faced by agricultural producers. In working with and supervising the national marketing agencies, which are not subject to the *Competition Act*, as well as promotion-research agencies, the FPCC provides checks and balances that ensures the supply management and promotion-research systems work in the balanced interest of all stakeholders, from producers to consumers.

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness and sustainability of Canada's agriculture, agri-food and agri-based products sector and its rural communities.

Program Activity 3.1: Science, Innovation and Adoption

Program Activity Description

AAFC contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets. Coordinated and informed decision-making is supported with strategic foresight, research, and information sharing contributing to integrated planning engaging industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small, medium and large sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research help to define future opportunities and prepare the sector for emerging opportunities and challenges.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15*
339.4	147.8	123.7

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway), due to the sunsetting in 2012-13 of the ecoAgriculture Biofuels Capital Initiative and the Agricultural Innovation program, and due to the winding down in 2013-14 of the AgriFlexibility program. Further, the 2014-15 decrease in planned spending is mainly due to the AgriFlexibility program sunsetting in 2013-14.

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
1,536	1,536	1,536

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Agriculture and agri-food sector that utilizes science to improve or transform commodities into new value-added products	Increase in Agriculture Net value-added. ("value-added" is a Statistics Canada measure of Canadian value-added gross domestic product) Baseline is Agriculture Net value added in 2008 which was $15.469 million. Target represents a 7% increase	$16.562 million by March 31, 2014

Planning Highlights

AAFC contributes to the profitability of the sector through advances in scientific knowledge to accelerate the pace of innovation, develop new technologies, and transform commodities into value-added products that address current and emerging issues. The Department (www.agr.gc.ca/scienceandinnovation), in collaboration with the private sector, encourages industry innovation and investment in scientific research and development, accelerating the bringing of new products, practices and processes to market. This work will pay off in new economic opportunities for farmers, agri-businesses and Canadian communities.

In 2012-13, AAFC will develop the *2013-2018 Innovation Strategic Plan* that will include a long-term perspective for its support for innovation and align its work with *Growing Forward 2*. The Plan will present a systems approach to innovation that emphasizes mechanisms and initiatives for coordinated action among government, industry and academia. In addition, to help inform policy discussions on the renewal of *Growing Forward* science, innovation and adoption programs, AAFC will undertake an evaluation of the Agri-innovations program sub-activity, which is targeted for completion by March 2013.

AAFC will encourage industry leadership and investment in science and innovation. Through programs such as Agri-Science Clusters (www.agr.gc.ca/agriscience-clusters) and the Developing Innovative Agri-Products (www.agr.gc.ca/agri-products). AAFC will continue working to develop innovative agricultural products in accordance with contribution and collaborative agreements with 10 agri-science clusters and up to 61 agri-businesses.

AAFC supports collaborative, industry-led responses to new and emerging issues and opportunities, further contributing to the profitability of the sector. The Agricultural Innovation Program (www.agr.gc.ca/aip), newly implemented for this fiscal year, will fund innovation ranging from knowledge creation and transfer to commercialization. AAFC will continue to work with its partners to encourage farmers, entrepreneurs, agri-based companies, and bio-products and biofuels facilities to adopt new technologies and to commercialize new value-added products and services, while further encouraging agricultural producer participation in the emerging bio-economy.

Adaptation programming will continue to support industry-led approaches and solutions that assist farmers, the processing sector, and the value chain as a whole, providing opportunities for collaborative solutions to common issues. For example, the five-year Canadian Agricultural Adaptation Program (www.agr.gc.ca/caap) will enhance the agriculture, agri-food, and agri-based products sector's ability to seize opportunities, to respond to new and emerging issues, and to find and pilot solutions to new and ongoing issues, helping it adapt and remain competitive.

AAFC will continue its research on integrated crop and livestock production systems. It will advance a vibrant bio-economy by supporting the development of biopesticides, industrial crops, biochemical and bioprocessing technologies, biofuels and bioenergy, biochemicals, and bio-based materials. The Department will also expand the understanding of the links among food, nutrition, health, and wellness. This will help farmers and food processors develop innovative and value-added products in the areas of functional foods, nutraceuticals and natural health products.

Program Activity 3.2: Agri-Business Development

Program Activity Description

This program activity builds awareness of the benefits and encourages the use of sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products. The Agri-Business Development program funds provincial and territorial activities related to business management practices and skills that: strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability; manage transformation, respond to change and adopt innovation in business operations; help the agri-business owner understand their financial situation, implement effective action and business management plans/practices and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15
56.0	12.8	11.5

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway), and due to the sunsetting in 2012-13 of the Specified Risk Material Innovation program.

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
41	41	41

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Increased realization of business goals	Percentage of participating businesses in Agri-Business Development program activities meeting their business/career goals	55% by March 31, 2013

Planning Highlights

Agri-business development initiatives contribute to an innovative agriculture, agri-food and agri-based products sector. This, in turn, strengthens Canadian economic growth, while improving stewardship and food safety, and expanding the availability of agri-based products for Canadians. As a result of these initiatives, sector participants will be in a better position to manage change, resulting in increased profits, sustainability and competitiveness.

In 2012-13, AAFC will continue to fund cost-shared provincial and territorial activities related to business management practices and skills designed to help agribusinesses. These activities will help producers to:

- assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability;
- manage transformation, respond to change, and adopt innovation in their operations; and
- understand their financial situation, implement effective action and business management plans and practices, and benchmark their farms' performance.

In addition, the Department will strive to enhance participation in farming by young or new entrants and First Nations clients, as well as provide assistance to farmers in specific sub-sectors in transition.

AAFC will provide support to national organizations for business management tools and information designed to increase competitiveness, innovation and risk management, with particular focus on tools and information targeted to youth and new entrants.

The Department will provide financial counseling and mediation services (www.agr.gc.ca/fdms) to farmers who may be having trouble repaying debts, bringing producers and creditors together with a mediator to reach mutually acceptable repayment agreements.

Through the Career Focus Program (www.agr.gc.ca/careerfocus), AAFC will provide support for agricultural internships for young people who are unemployed or under-employed and who have graduated in the past three years from a post-secondary agriculture-related education program.

To help inform policy discussions on the renewal of *Growing Forward* FPT Agri-Business Development programs in 2013, AAFC will undertake a Meta-evaluation (analysis of the results of individual evaluations) of Cost-Shared Non-Business Risk Management Programming, which is targeted for completion by December 2012.

Program Activity 3.3: Rural and Co-operatives Development

Program Activity Description

Rural and Co-operatives Development supports community development through two distinct components: First, it leads an integrated, government-wide approach, called Canada's Rural Partnership, through which the government aims to coordinate its policies towards the goal of economic and social development and renewal of rural Canada. It develops partnerships with federal departments, provincial and rural stakeholders and offers tools to enable rural communities to use their innovative capacity to capture the value of local amenities, and to achieve greater local or regional economic competitiveness.

Second, it facilitates the development of co-operatives as an effective self-help tool for Canadians and communities to address their needs and capture economic opportunities. It provides advice across government on policies and programs affecting co-operatives and builds partnerships within the federal government and with the co-operative sector, the provinces and other key stakeholders to support the development of co-operatives.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15
20.0	5.2	5.2

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway).

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
88	88	88

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
New economic activities are being developed in rural communities	Number of communities in 20 selected rural regions where decisions or actions are taken to implement new economic activities as a result of Canada's Rural Partnership collaborative activities	30 by March 31, 2013
Canadians are better able to utilize the co-operative model to meet their economic and social needs	Number of co-operatives created	40 (for the year) by March 31, 2013

Planning Highlights

By providing rural communities and co-operatives with access to quality information, tools and services, Canadians will be better able to pursue innovative rural and co-operative development. Such access helps generate opportunities for innovation and economic growth that support the prosperity of all Canadians.

AAFC, through Canada's Rural Partnership (CRP) (www.rural.gc.ca), will continue its work with government and non-government organizations to foster innovative rural development. Over the next year, CRP will help communities to identify and assess their local natural and cultural amenities and to develop plans to enhance their competitiveness and increase economic activities.

AAFC is developing options to renew its support for rural and co-operatives development. The Department will collaborate with the co-operative sector to develop more co-operatives and to implement innovative projects. The Co-operative Development Initiative (www.coop.gc.ca) will make the co-operative option more readily available to Canadians. Further, as part of the 2012 International Year of Co-operative proclaimed by the United Nations General Assembly, AAFC is participating with the sector in efforts to raise awareness of the contributions of Canadian co-operatives.

Performance in 2012-13 will be measured in terms of rural community-driven initiatives that were supported as a result of partnership activities with other government departments or non-government organizations, including initiatives funded through the Community Development Program. During the year, indicators to measure future performance will be derived through a strategy to further document the impact of CRP partnership activities in 18 rural areas across Canada. These areas were selected to represent a range of community socio-economic conditions and capacities. As well, as part of its third-party delivery arrangement with the co-op sector, clear expectations have been established for measuring the impact of co-op development support in terms of new co-op creation.

Program Activity 3.4: Canadian Pari-Mutuel Agency

Program Activity Description

Section 204 of the *Criminal Code of Canada* designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races. The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within AAFC that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet on horse races in Canada. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focused on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

Financial Resources ($ millions – net)

	2012-13	2013-14	2014-15
Gross Planned Spending	10.7	10.6	11.1
Less Respendable Revenue	(10.7)	(10.8)	(11.4)
Net Planned Spending	(0.0)	(0.2)	(0.3)

Figures that cannot be listed in millions of dollars are shown as 0.0

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
50	50	50

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Program Activity Expected Results	Performance Indicators	Targets
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public	Percentage of compliance with the *Pari-Mutuel Betting Supervision Regulations* of Canadian racetracks and betting theatres inspected by CPMA officers	100% by March 31, 2013

Planning Highlights

To achieve the expected result, CPMA will approve and inspect pari-mutuel betting activities conducted at racetracks and betting theatres across Canada to ensure compliance with the *Pari-Mutuel Betting Supervision Regulations* (the Regulations) and policies. The Agency will continue to provide equine drug control programs at racetracks to help ensure race outcomes are not influenced by the inappropriate administration of drugs or medications to race horses.

CPMA plans to introduce changes to the Regulations in 2012-13, further clarifying the requirements of the pari-mutuel regulatory model.

CPMA will continue to develop and implement a new model for supervising and monitoring racetracks. This new model will offer more efficient use of limited resources while still enabling the Agency to deliver on its core mandate in a more effective manner.

CPMA will develop and deliver new training products in 2012-13 to preserve and make available the body of corporate knowledge to new or less experienced staff. This will include updating its human resources plan, as well as a succession plan for key positions.

The federal levy on pari-mutuel betting is expected to support a CPMA operating budget of approximately $10.7 million dollars for the 2012-13 fiscal year.

Program Activity 4.1: Internal Services

Program Activity Description

The Internal Services Program Activity supports all strategic outcomes and is common across government. Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

Financial Resources ($ millions – net)

2012-13	2013-14*	2014-15
302.8	272.0	268.7

* There is a decrease in planned spending in 2013-14 mainly due to the sunsetting in 2012-13 of the non-Business Risk Management *Growing Forward* program (development of successor *Growing Forward* policy framework is currently underway).

Human Resources (Full-Time Equivalents – FTEs)*

2012-13	2013-14	2014-15
2, 117	2,117	2,117

* The FTEs over the next three fiscal years are based on the Department's existing workforce.

Planning Highlights

Budget 2010 outlined the federal government's plan to restore balance to public finances over the next five years. One of the key measures of the plan is to freeze departments' and agencies' operating budgets in order to slow the growth of operating expenditures and improve efficiency. As a result, 2012-13 operating budgets, as appropriated by Parliament, will be frozen at 2010-11 reference levels.

Management is reviewing various options to adjust to this constraint in funding. To do so, AAFC is building on its oversight practices to monitor program funding and expenditures. This includes conducting a "frugality" exercise to identify areas of potential savings; setting salary, travel, hospitality and conference budgets; as well as performing detailed monthly analyses of salary and non-pay operating expenditures. These analyses are key in the decision-making process to ensure the Department is optimising the use of its approved resources.

Planning highlights of key Internal Service activities are described in the chart below:

Internal Service	Planning Highlights
Programs and Services Management	AAFC will continue to improve the way Grants and Contributions (G&C) programs are delivered to Canadians by reducing the administrative burden and, at the same time, strengthening accountability. To achieve these goals, the Department recently established the Grants and Contributions Delivery Project (GCDP). Specifically, GCDP is aimed at: • simplifying non-BRM G&C programs; • providing easy access for clients; • using consistent forms and processes, resulting in increased efficiency and accuracy; and • reducing turnaround time and paper burden for clients through automation. This service improvement initiative will transform the way the Department delivers G&C programs to Canadians. Clients will be able to apply, manage and submit claims and reports online. Further, AAFC will develop the capacity to expedite the launch of a new program following its announcement, where early implementation is required to address the needs of producers. This will significantly reduce the time it has taken historically to implement new non-BRM G&C programs. The benefits of the service improvement initiative will be measured using service standards, client satisfaction surveys and other feedback technology accessible to stakeholders.
Internal Audit and Evaluation	AAFC will continue to implement its three-year Risk-Based Internal Audit Plan to assess the Department's risk management, control and governance processes. AAFC's Five-Year Evaluation Plan will continue to be implemented so that timely, credible, and neutral evidence is available to support expenditure management discussions on resource allocation. Evaluation will be especially important to inform development of the next agriculture policy framework.
Human Resources (HR) Management	HR planning plays an ongoing and important role in AAFC's integrated planning process by identifying the people and skills that will be required to deliver on the Department's priorities and Strategic Outcomes, as well as address the key short- and long-term human resources challenges. Sustained fiscal restraint requires effective workforce planning to ensure that AAFC is able to deliver on its mandate and meet legislated obligations with respect to employment equity and official languages. Key strategies to achieve the HR goals include: • Executive Leadership and Governance – The Horizontal Management Committee (HMC), which is comprised of branch heads and chaired by the Associate Deputy Minister, plays a vital role in coordinating and overseeing departmental people management initiatives, inclusive of workforce planning, management and alignment. HMC will promote well-informed approaches to advancing business and HR priorities while maintaining ongoing responsibility for managing the executive cadre. • Performance Management and Employee Development – Internal performance management and employee development are increasingly important to achieve a flexible and productive workforce aligned to departmental priorities. The extension of talent management to executive feeder groups will support effective succession management in key leadership roles, under the guidance of HMC. AAFC will continue to use effective and low-cost development initiatives such as the AAFC mentoring program and the Management and Leadership Development Program. Finally, the Department's service and program excellence agenda will be supported by targeted training in the areas of grants and contributions and performance measurement.

Internal Service	Planning Highlights
	• Employee Engagement – AAFC has initiated a broad consultative process to engage employees on a renewed mission and vision statement and a set of common organizational attributes to which employees can all subscribe. The goal is to help create a positive, collaborative and inclusive corporate culture that reflects the values and aspirations of its employees and the clients that they serve. The Department will further promote employee engagement by acting on the results of the 2011 Public Service Employee Survey and demonstrating a tangible commitment to improving the workplace.
Information Management/Information Technology (IM/IT)	AAFC will continue in 2012-13 to improve knowledge and information management, knowledge transfer and preservation of key knowledge assets to enhance innovation, collaboration and evidence-based decision making. This will be achieved through improved access to and sharing of electronic information and support for an increasingly mobile workforce. As a first step, the Department will complete a new modern technology foundation for AAFC that will enhance documents and records management, knowledge sharing and collaborative processes. This will be a key step towards supporting AAFC in the goal of becoming a leading-edge knowledge organization. Also in the coming year, as activities relating to IT infrastructure management transition to Shared Services Canada, AAFC will focus on enhancing efficiency and business continuity. This will be accomplished through establishing new partnerships, promoting the strategic use of information to deliver client-focused programs and services, and supporting decision-making and productivity through a mature IT governance framework. As part of the consolidation measures to enhance efficiencies, the Chief Information Officer for AAFC has also taken on additional responsibilities as the Canadian Food Inspection Agency's (CFIA) Vice President for Information Management and Information Technology. It is anticipated that this will reinforce the well-established working relationship between AAFC and CFIA. For example, the financial and human resource management systems as well as the Canadian Agriculture Library are already shared between the two organizations. This arrangement is also in keeping with AAFC's collaborative work with other departments and will lead to efficiencies in government information management and technology.
Greening Government Operations (GGO) 	The Federal Sustainable Development Strategy (FSDS) includes theme IV (Shrinking the Environmental Footprint – Beginning with Government), which consists of a single goal, Greening Government Operations (GGO). Government-wide targets have been established to achieve this goal. For example, by March 31, 2014, each department will reuse or recycle all surplus electronic and electrical equipment in an environmentally sound and secure manner. The FSDS targets for GGO are particularly applicable to AAFC, which is a large federal custodian of buildings (2,360), land (940,000 hectares), fleet (1,200 vehicles) and equipment (cost of $260 million) with annual procurement of $250 million. AAFC operates this portfolio in order to deliver its programs and services, conduct agricultural and agri-food research across Canada, and achieve results for Canadians. AAFC will continue implementation efforts in fiscal year 2012-13, the second year of the GGO initiative. Additional details on AAFC's GGO activities can be found online. (http://www.tbs-sct.gc.ca/rpp/2012-2013/info/ggo-eog-eng.asp#agr)

Supplementary Information

Financial Highlights

Future-Oriented Financial Statements

Future-oriented financial statements provide forecast information on assets and liabilities, revenues, and expenses, prepared on an accrual accounting basis to strengthen accountability and improve transparency and financial management. The financial highlights presented in this section are intended to serve as a general overview of AAFC's operations reported in the Department's future-oriented financial statements, which can be found on AAFC's website (www.agr.gc.ca/FinancialStatements).

Since future oriented financial statements are prepared on an accrual accounting basis, there are differences between the figures below and the planned spending amounts presented in other sections of the RPP, which reflect the cash accounting basis used to recognize transactions affecting parliamentary appropriations. The differences are related to such items as provisions for loan guarantees, repayable contributions, non-respendable revenues, services without charge received from other government departments, amortization, and severance and vacation pay liability adjustments. For more information, refer to Note 5 in the full 2012-13 Future-oriented Statement of Operations found on the Department's website.

Future-oriented Condensed Statement of Operations

For the Year (ended March 31) ($ millions)

	$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total expenses	129	3,114	2,985
Total revenues		135	135
Net cost of operations	**129**	**2,979**	**2,850**

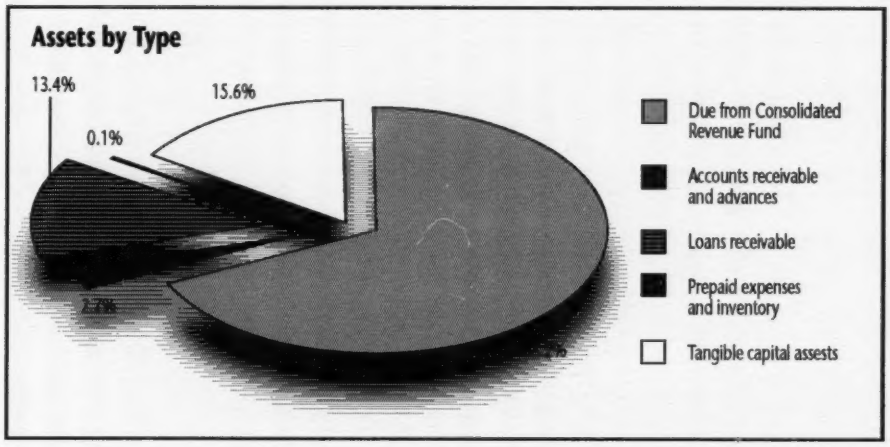
Future-oriented Condensed Statement of Financial Position

For the Year (ended March 31) ($ millions)

	$ Change	Future-Oriented 2012-13	Future-Oriented 2011-12
Total assets	(95)	2,563	2,658
Total liabilities	(194)	1,967	2,161
Equity	99	596	497
Total	**(95)**	**2,563**	**2,658**

Assets

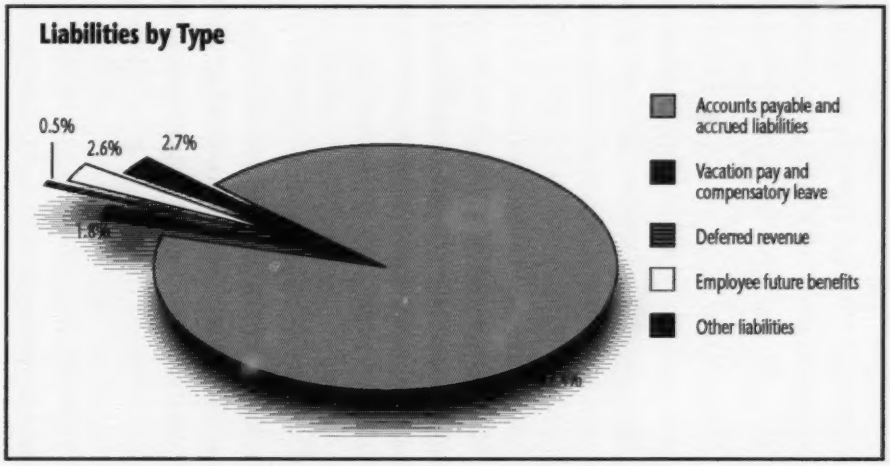
The majority of assets held by the Department for use in its activities are Tangible Capital Assets, which primarily support the research activities of the Department that will contribute to the strengthening of innovation capacity within the sector.



Total assets are projected to be $2.6 billion at the end of 2012-13. The majority of the assets is related to the Due from Consolidated Revenue Fund (68.2% or $1.7 billion). The remaining balance of the assets is made up of accounts receivable and advances (2.7% or $70.3 million), loans receivable (13.4% or $343.2 million), prepaid expenses and inventory (0.1% or $1.6 million) and tangible capital assets (15.6% or $398.7 million).

Liabilities

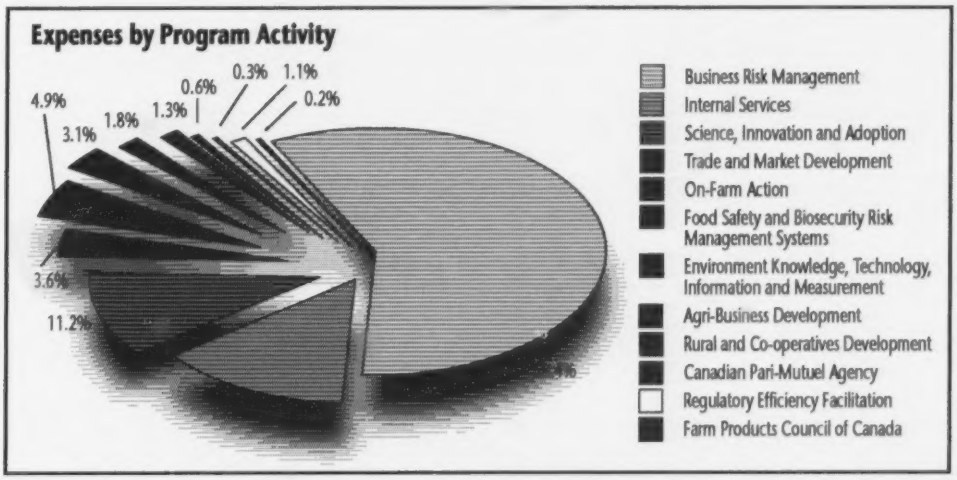
Liabilities arising from departmental activities consist primarily of accounts payable and accrued liabilties, the majority of which are related to accruals in support of programs such as AgriStability and AgriInvest.



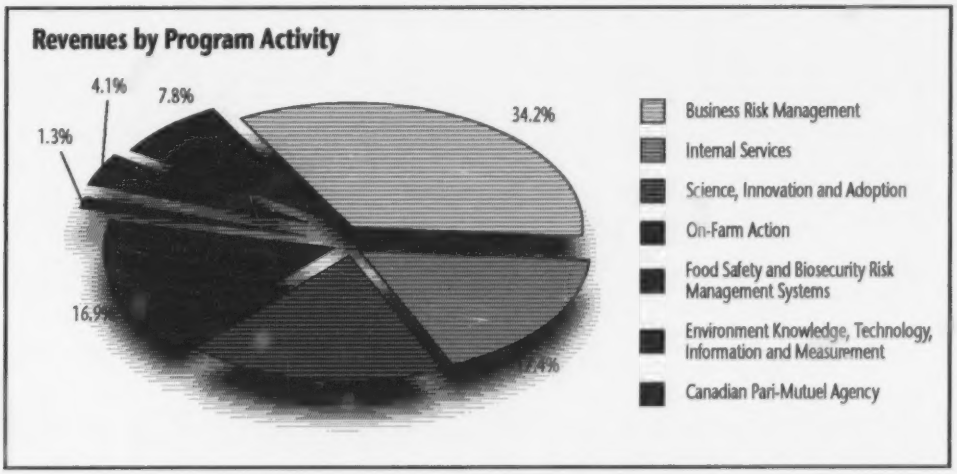
Total liabilities are projected to be $2.0 billion at the end of 2012-13. The majority of the liabilities are related to accounts payable and accrued liabilities (92.4% or $1.8 billion). The remaining balance of the liabilities is made up of vacation pay and compensation leave (1.8% or $34.7 million), deferred revenue (0.5% or $10.2 million), employee future benefits (2.6% or $50.6 million) and other liabilities (2.7% or $52.4 million).

Expenses and Revenues

Expenses incurred and revenues earned, which support AAFC's programs and services that benefit Canadians, are detailed in the following charts.



Total expenses are projected to be $3.1 billion in 2012-13. The majority of these expenses are in the form of transfer payments for Business Risk Management (58.4% or $1.8 billion) related to departmental programs discussed in Section II of this report.



Total revenues are projected to be $134.9 million for fiscal year 2012-13. The majority of these revenues are from Business Risk Management (34.2% or $46.0 million) for Crop Re-insurance premiums. Other revenues include collaborative research agreement funding, Canadian Pari-Mutuel Agency fees, grazing fees from the community pastures program and services provided to other government departments.

List of Supplementary Information Tables

All electronic supplementary information tables found in the *2012–13 Reports on Plans and Priorities* can be found on the Treasury Board of Canada Secretariat website (http://www.tbs-sct.gc.ca/est-pre/index-eng.asp).

- Details on Transfer Payment Programs
- Greening Government Operations
- Horizontal Initiatives
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Transformational and Major Crown Projects
- Summary of Capital Spending by Program Activity
- Up-Front Multi-Year Funding
- Upcoming Internal Audits and Evaluations over the next three fiscal years
- User Fees

Other Items of Interest

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